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December 16, 2002

The Honorable Harvey L. Pitt  
Chairman  
Securities and Exchange Commission  
450 5<sup>th</sup> Street, NW  
Washington, DC 20549

Dear Chairman Pitt:

We would like to express our concern about the lack of transparency in the proxy voting policies of our nation's mutual funds and investment advisers. We believe it is vitally important that investors have access to fundamental information about the practices of those who vote proxies on their behalf, and commend you for proposing rules to provide this information to investors (Proxy Voting by Registered Management Investment Companies, File No. S7-36-02, Release Nos. 33-8131, 34-46518, IC-25739; Proxy Voting by Investment Advisers, File No. S7-38-02).

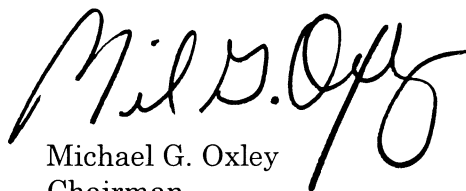
As you know, more than half of all Americans participate in our securities markets – most through mutual funds, with some \$19 trillion of assets, managing nearly one-fifth of all publicly traded U.S. equity securities. The voting power represented by these securities carries great potential to influence U.S. corporate governance. We believe that making the proxy voting process transparent will help encourage funds to use their influence to strengthen corporate accountability – because shareholders will demand it. Also, providing this information to shareholders will expose potential conflicts of interest, thus discouraging votes inconsistent with fund shareholders' best interests.

Despite this potential influence, many mutual funds and investment advisers refuse to disclose their policies and fewer enable shareholders to learn if voting policies were in fact followed. Some already volunteer this information. But we believe all fund investors deserve this degree of transparency.


In order to continue our efforts to restore confidence in public companies and financial institutions, and build on the Sarbanes-Oxley Act reforms, we strongly encourage the Commission to take action that will require mutual funds and investment advisers to disclose both their proxy voting policies and procedures and their actual proxy votes.

Such action would be consistent with the underlying principles of the federal securities laws and ensure that mutual funds and investment advisers adhere to fiduciary duties requiring them to vote in their clients' best interests.

Yours truly,

A handwritten signature in black ink, appearing to read "M. G. Oxley", with a large, stylized flourish at the end.

Michael G. Oxley  
Chairman

A handwritten signature in black ink, appearing to read "Richard H. Baker", with a large, stylized flourish at the end.

Richard H. Baker  
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Subcommittee on Capital  
Markets, Insurance, and  
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MGO/RHB/jd